



Claire McCaskill

Missouri State Auditor

February 2005

City Of Holt

Year Ended March 31, 2004



Office Of
Missouri State Auditor
Claire McCaskill

February 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Holt, Missouri.

The City of Holt does not have a formal bidding policy. Bids were either not solicited or bid documentation was not retained in several instances, including a furnace (\$1,978), and rock and gravel for streets (\$3,514). The Board of Aldermen indicated the furnace was an emergency purchase, but documentation of the emergency was not maintained. Additionally, proposals were not solicited for legal services or accounting services.

The city operates a sewer system that provides service to approximately 200 customers. The city issued revenue bonds for constructing, extending, and improving the city's sewer system. This bond requires the city establish user charges for the sewer to produce net revenues available for debt service payments of 110 percent of the current year's debt service requirement. Net revenues in fiscal year 2004 were only 86.8 percent of the debt service requirement, and a formal review of sewer rates has not been performed the past several years. In addition, the Board of Aldermen has not followed the adopted ordinances regarding service disconnections and sewer deposits, and the city does not perform monthly reconciliations of total sewer billings, payments and delinquent amounts.

The City Clerk also serves as the City Treasurer and City Collector and is responsible for all record keeping duties of the city, which is contrary to an Attorney General's opinion. Additionally, the duties of receiving, recording, and transmitting court receipts are not adequately segregated as the Court Clerk performs all of the duties related to recording transactions and depositing monies.

The Board of Aldermen occasionally held closed meetings; however, minutes of applicable open meetings do not always disclose the vote taken to close the meeting and often do not disclose decisions made or actions taken in closed session. In addition, the closed meeting minutes indicated the board may have discussed items which are not allowed by the Sunshine Law.

The city does not have a formal policy regarding public access to records and improvement is needed in the organization of the city's ordinances.

The city paid the mayor and a board member \$396 and \$5,232, respectively, for street work during the year ended March 31, 2004. The board indicated this was done because they were unable to find anyone else to perform this work and the Mayor and this Board Member have been paid for this type of work for the past couple of years. In March 2004,

(over)

YELLOW SHEET

the mayor repaid the city for compensation he received during the year ended March 31, 2004. The board should consider seeking help from their legal counsel in establishing city policies regarding these types of payments.

The city's budgets are in need of improvement and do not include some information required by state law. The General Fund is the only fund budgeted by the city and did not include a budget message, information regarding the city's debt, beginning and ending fund balances, and actual revenues and expenditures for the preceding two years. In addition, actual disbursements for the General Fund exceeded the approved budget by \$24,931 during the year ended March 31, 2004. The board did not detect the overspending because they do not perform budget to actual comparisons prior to approving disbursements.

A semi-annual financial statement was not published as required for the period April 1, 2003 through September 30, 2003. State law indicates the city cannot legally disburse funds until the financial statement is published.

Also included in the report are recommendations related to vehicles and equipment usage, capital assets, and developing a street maintenance plan.

All reports are available on our website: www.auditor.mo.gov

CITY OF HOLT
TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS.....	4-15
<u>Number</u>	<u>Description</u>
1.	Expenditures5
2.	Sewer System6
3.	Accounting Records and Procedures8
4.	Meeting Minutes and Ordinances9
5.	Conflict of Interest11
6.	Budgets and Financial Reporting.....11
7.	Vehicles and Equipment Usage13
8.	Capital Assets.....14
9.	Street Maintenance Plan15
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	16-18

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Board of Alderman
City of Holt

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Holt, Missouri. The city engaged Kollar, Abernethy & Company, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended March 31, 2004. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the city included, but was not necessarily limited to, the year ended March 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide

reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Holt, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 03, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Todd M. Schuler, CPA
In-Charge Auditor: Tania Williams

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF HOLT
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR’S FINDINGS

1.	Expenditures
-----------	---------------------

The city does not bid some purchases, does not have contracts for some services they obtain, and does not require supervisory review of employee timesheets.

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids or proposals for a particular purchase is made on an item-by-item basis. Bids were either not solicited or bid documentation was not retained in several instances, including a furnace (\$1,978), and rock and gravel for streets (\$3,514). Proposals were not solicited for legal services (\$3,259) or accounting services (\$2,081) and written contracts were not entered into for legal services. The Board of Alderman indicated the furnace was an emergency purchase, but documentation of the emergency nature of that purchase was not maintained.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives a fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. Bids/proposals can be handled by telephone quotation, by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate, based on dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids/proposals received and reasons noted why the bid/proposal was selected.

Section 432.070, RSMo 2003, requires contracts for political subdivisions to be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- B. No supervisory review was noted on employee timesheets. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month.

WE RECOMMEND the Board of Aldermen:

- A. Establish formal bidding policies and procedures, including documentation requirements regarding the bids or quotes received and justification for the bid

selected. If bids cannot be obtained due to an emergency or sole source procurement is necessary, the City Clerk should retain documentation of these circumstances. In addition, periodically seek proposals or competitively bid for services, such as legal and sewer services and enter into current contracts with all entities or individuals providing services.

- B. Ensure timesheets are signed by a supervisor.

AUDITEE'S RESPONSE

- A. *We agree. We will establish a bidding policy by April 1, 2005. The Board is currently in the process of entering into a contract with service providers.*
- B. *Implemented.*

2. Sewer System

The city has not performed a formal review of sewer rates the past several years and were not in compliance with their rate covenant. Some sewer ordinances were not complied with and the city failed to reconcile amounts billed and collected to delinquent accounts.

The city operates a sewer system that provides service to approximately 200 customers. The city issued revenue bonds for constructing, extending, and improving the city's sewer system. Our review of the city's sewer accounts and procedures revealed the following concerns:

- A. The sewer system revenue bond requires the city establish user charges for the sewer system to produce net revenues available for debt service payments of 110 percent of the current year's debt service requirement. Net revenues in fiscal year 2004 were 86.8 percent of the debt service requirement and were not adequate to satisfy this bond covenant. A formal review of sewer rates has not been performed the past several years.

The failure of the city to comply with the revenue bond covenants could allow the bondholders to take legal action to force compliance or immediate payment of all outstanding bonds. The city should perform periodic detailed reviews of the costs of providing sewer services and set rates appropriately.

- B. The Board of Aldermen has not followed the adopted ordinances regarding service disconnections and sewer deposits. The City Clerk indicated their normal procedure is to send delinquent notices once a bill is delinquent, but none were sent to any of the five delinquent customers we reviewed. Three of these five customers account histories indicated the bill had not been paid within

40 days of the billing date, but the customers were not disconnected, as required by ordinance. In addition, a sewer deposit of \$70, required by ordinance, was not received for two of these customers.

City ordinance provides that any customer who fails to pay 40 days after the billing date will be disconnected. To reduce delinquencies, ensure delinquent accounts are properly handled, and ensure equitable treatment of all customers, the city should enforce the sewer ordinances and ensure delinquent penalties and disconnect fees are charged in a consistent manner and for the amounts set in the ordinance. Sewer deposits are established to protect the city from delinquencies and are required by ordinance to establish a sewer connection.

- C. The city does not perform monthly reconciliations of total billings, payments received, and delinquent amounts for sewer services. During the year ended March 31, 2004, approximately \$85,000 was collected in sewer payments and at July 15, 2004, delinquent sewer accounts totaled approximately \$2,400. Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent review.

WE RECOMMEND the Board of Aldermen:

- A. Monitor compliance with the rate covenant on an annual basis and take steps to adjust sewer system user charges if noncompliance is detected.
- B. Enforce the sewer ordinance and ensure adequate measures are taken to collect delinquent accounts, including the enforcement of shut-off procedures and collection of deposits.
- C. Perform monthly reconciliations of the amounts billed to amounts collected and delinquent accounts.

AUDITEE'S RESPONSE

- A. *We were aware the sewer system user charges needed to be addressed since the release of the private CPA's audit for the year ended March 31, 2004, and we have been working with outside entities and are in process to address this issue. The debt rate issue has been addressed, and rates were increased in 2004.*
- B. *We have been more aggressive in the process of collecting delinquent accounts. In addition, we have been working for several months to address these issues. Ordinance changes have been made to address collection issues.*
- C. *We agree and will ensure these reconciliations are performed monthly in the future.*

3.**Accounting Records and Procedures**

The city has not adequately segregated the duties of the City Clerk and the Court Clerk and accounting controls related to issuing receipt slips and reconciling them to deposits are lacking.

- A. The City Clerk also serves as the City Treasurer and City Collector and is responsible for all record keeping duties of the city. These duties include receiving and depositing monies, preparing invoices for payment, signing checks, performing bank reconciliations, and preparing financial reports. No personnel independent of the cash custody and the record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth class city the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these three offices, by the same person at the same time would be incompatible. This situation does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law.

- B. The duties of receiving, recording, and transmitting court receipts are not adequately segregated. The Court Clerk and dispatchers receive payments of bonds, fines, and court costs. The Court Clerk performs all of the duties related to recording transactions and depositing monies.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be a supervisory review of reconciliations between receipts and deposits.

- C. Receipts slips are not issued in numerical order by the police department and the numerical sequence of all receipt slips issued is not accounted for. To adequately account for all monies received, official prenumbered receipt slips should be issued in numerical order for all monies received by the police department and the numerical sequence should be accounted for properly.

WE RECOMMEND the Board of Aldermen:

- A. Appoint separate individuals to the positions of City Clerk, City Collector and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review should be established.

- B. Adequately segregate the duties of receiving, recording, and depositing court monies. At a minimum, there should be a documented supervisory review of reconciliations between receipts and deposits.
- C. Ensure the police department issues prenumbered receipt slips in numerical order for all monies received, and the numerical sequence of all receipt slips is accounted for properly.

AUDITEE'S RESPONSE

A&B. We will review the employees' current procedures to determine what can be improved.

C. The new police chief has already implemented this process.

4.	Meeting Minutes and Ordinances
-----------	---------------------------------------

The Board of Aldermen does not always follow state law regarding closed meetings and has not developed a formal policy regarding public access to city records. In addition, improvement is needed in the organization of the city's ordinances.

- A. The Board of Aldermen occasionally held closed meetings. Minutes of applicable open meetings do not always disclose the vote taken to close the meeting and often do not disclose decisions made or actions taken in closed session. In addition, the closed meeting minutes indicated the board may have discussed items which are not allowed by the Sunshine Law. For example, the board discussed salaries and the police budget with the Chief of Police in closed session. The board provided no evidence how discussing these topics complied with state law.

Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- B. The city does not have a formal policy regarding public access to city records. A formal policy regarding access to and copies of the city records would establish reasonable guidelines for the city to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and the cost for providing copies of public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- C. Improvement is needed in the organization of the city's ordinances. The city ordinances have not been codified, thus hindering the city's ability to locate specific ordinances. The ordinance book is in sequential order by ordinance number, but an index of all ordinances passed and rescinded by the city is not maintained which makes it difficult for the city to determine which ordinances are still active and which have been rescinded. In addition, the city has not adopted ordinances fixing the compensation and duties of officials and employees, as required by state law.

Since ordinances represent legislation which has been passed by the board to govern the city and its residents, it is important that the city's ordinances be maintained in a complete and up-to-date manner. An index of all ordinances passed and rescinded by the city could help keep track of additions and changes made to the city ordinances.

Compensation rates set by ordinance, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminate potential misunderstandings on the amount each city official and employee is to receive, and is necessary to ensure the compensation of an official is not changed during the term of office. Ordinance hearings provide for public input and information concerning the compensation paid. In addition, documentation of duties and job descriptions would clarify the duties and responsibilities of each official and employee and prevent misunderstandings.

WE RECOMMEND the Board of Aldermen:

- A. Conduct all closed meetings and record all public votes in compliance with statutory provisions and ensure meeting minutes are adequate to demonstrate compliance with state laws. In addition, document the vote and reasons to go into closed session in the open meeting minutes and publicly disclose the final disposition of applicable matters discussed in closed session.
- B. Develop written policies regarding procedures to obtain public access to, or copies of, public city records.
- C. Update and codify the city's ordinances and ensure a complete set of ordinances is maintained. In addition, the city should consider establishing an index of all city ordinances passed and rescinded. Furthermore, establish ordinances setting the compensation and duties for all elected and appointed officials and employees as required by state law.

AUDITEE'S RESPONSE

- A. *The instances stated in the report occurred during 2003. Since the summer of 2004, we, the Board and the City Clerk, have taken great strides in ensuring topics discussed in closed session meet the requirements of state law. Actions taken by the board in closed sessions are now being disclosed.*
- B. *The city currently has procedures in place for citizens to access public records, but we will review different procedures and determine if further action is necessary.*
- C. *We are aware of this problem and have been seeking opportunities to provide computer-based ordinance availability.*

5. Conflict of Interest

The city paid the mayor and a board member \$396 and \$5,232, respectively, for street work during the year ended March 31, 2004. The board indicated this was done because they were unable to find anyone else to perform this work and the Mayor and this Board Member have been paid for this type of work for the past couple years. In March 2004, the mayor repaid the city for compensation he received during the year ended March 31, 2004.

Section 105.458 RSMo 2000, states "no member of any legislative or governing body of any political subdivision of the state shall: (1) Perform any service for such political subdivision or any agency or the political subdivision for any consideration other than the compensation provided for the performance of his official duties". The Board should consider seeking help from their legal counsel in establishing city policies regarding these types of payments.

WE RECOMMEND the Board of Aldermen comply with state statutes relating to the compensation of city officials and consider establishing a city policy addressing this issue.

AUDITEE'S RESPONSE

This issue has been addressed with the Ethics Commission, and a written letter was received from the Ethics Commission that these payments were in accordance with state law. As a result of concerns, the employment of board members for city work has been discontinued.

6. Budgets and Financial Reporting

The city's budgets are in need of improvement and budget to actual comparisons are not performed periodically, contributing to the General Fund overspending its budget. In addition, semi-annual financial statements have not always been prepared as required.

- A. The city's budgets are in need of improvement and do not include some information required by state law. The General Fund is the only fund budgeted by the city, but the budget document did include an estimate of expenditures for the Capital Projects Fund. The budget prepared for the year ended March 31, 2004 did not include a budget message, information regarding the city's debt, beginning and ending fund balances, and actual revenues and expenditures for the preceding two years. The approved budget included estimates of revenues and expenditures for the coming year only. Budgets for the other city funds were not prepared. Additionally, the budget prepared for the Park Fund for the year ended March 31, 2004, which is under the control of the Park Board, included only estimates of expenditures for the coming year.

Section 67.010, RSMo 2000, requires each political subdivision of the state to prepare annual budgets with specific information. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area. A complete budget should include the beginning available resources and reasonable estimates of the ending available resources for all funds. The budget should also include a budget message and information on interest, amortization, or redemption charges on debt.

- B. During year ended March 31, 2004, actual disbursements from the General Fund exceeded the approved budget by \$24,931. Actual disbursements were \$164,931 while the approved budget was \$140,000. The board did not detect the overspending because they do not perform budget to actual comparisons prior to approving disbursements.

Section 67.040, RSMo 2000, requires political subdivisions to keep disbursements within amounts budgeted. If there are valid reasons which necessitate excess disbursements, a resolution should be adopted by the governing body setting forth the amount of the budget increase and the facts and reasons for the increase. Budgets are a planning tool and should serve as a guide throughout the year to monitor revenues and disbursements. A periodic comparison of budgeted versus actual receipts and disbursements is necessary to properly monitor the financial condition of each city fund.

- C. A semi-annual financial statement was not published for the period April 1, 2003 through September 30, 2003 and while the city did publish a financial statement for the period October 1, 2003 through March 31, 2004, it did not include information regarding indebtedness. Section 79.160, RSMo 2000, requires the Board of Aldermen to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165 RSMo 2000 states the city cannot legally disburse funds until the financial statement is published.

WE RECOMMEND the Board of Aldermen:

- A. And the Park Board ensure complete and accurate budgets are prepared for all funds in accordance with state law.
- B. Ensure actual disbursements do not exceed budgeted amounts. If circumstances require disbursements in excess of amounts budgeted, a formal resolution should be adopted authorizing the additional disbursements and documenting the reasons for such. The Board should require complete information regarding the financial position of the city, including balances of funds held by the city and a comparison of budgeted and actual receipts and disbursements to date be presented each month.
- C. Publish semi-annual financial statements as required by state law.

AUDITEE'S RESPONSE

- A. *With our new accounting software package, we have addressed these issues. In addition, the Park Board budgets are now prepared under the same method as the city's budget.*
- B. *The city has new software which provides budget to actual reports that we are now monitoring monthly. An amended budget for fiscal year 2005 has been completed to show compliance with state law.*
- C. *This will be implemented.*

7. Vehicles and Equipment Usage
--

Usage logs are not prepared for city vehicles and equipment; thus a reconciliation of fuel purchased to miles driven cannot be performed. The city owns two police vehicles, as well as a dump truck, pick-up truck, and road grader. Fuel purchases for city vehicles are charged at two local gas stations, who then submit monthly bills to the city. Fuel purchases during the year ended March 31, 2004 totaled approximately \$5,500. While the Police Chief indicated that beginning and ending mileage and fuel purchases are required to be reported for police vehicles on a daily log, the majority of the daily logs we reviewed did not report the required information. When city employees fuel a vehicle at the station, they sign a ticket showing the purchase price and number of gallons purchased, which are submitted to the city at the end of the month. Because fuel purchases are not recorded in a usage log, the city clerk has less assurance all fuel billed to the city was used for city vehicles and equipment.

Usage logs are necessary to document appropriate use of the vehicles and equipment and to support fuel and other charges. The logs should include the purpose and destination of each trip, beginning and ending odometer readings or hours of usage as applicable, and all operation and maintenance costs. Supervisory reviews of the logs should be

performed to ensure vehicles and equipment are used only for city business, is being properly utilized, and helps identify vehicles and equipment that should be replaced. Information on the logs should be periodically reconciled to applicable expenditure records to help identify and prevent inappropriate fuel purchases or other maintenance and operating charges.

WE RECOMMEND the Board of Aldermen require vehicle and equipment usage logs be maintained and periodically reviewed by a supervisor. In addition, fuel purchases should be recorded in the log and periodically reconciled to applicable expenditure records.

AUDITEE'S RESPONSE

We have implemented accounting procedures to address these issues and the matter is under further review.

8. Capital Assets

The city has not prepared and maintained permanent, detailed property records for capital assets, including the cost of land, buildings, equipment, and furniture owned by the city. Also, annual physical inventories are not performed and additions to the capital asset records are not reconciled to purchases.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for capital assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The city should properly record all fixed asset transactions, reconcile those purchases to additions, and periodically perform physical inventories and compare to the detailed records.

WE RECOMMEND the Board of Aldermen maintain property records for capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. In addition, annual physical inventories should be performed and capital asset additions should be reconciled to purchases.

AUDITEE'S RESPONSE

We will review the new Governmental Accounting Standards Board regulations and will be in the process of implementing this recommendation.

A formal street maintenance plan for the city streets has not been prepared annually. A street maintenance plan should be prepared in conjunction with the annual budget and include a description of the streets to be worked on, the type of work to be performed, a cost estimate, the dates such work could begin, and any other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

WE RECOMMEND the Board of Aldermen prepare a formal maintenance plan for the city streets at the beginning of the year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.

AUDITEE'S RESPONSE

We agree. We are in the process of developing a street plan with the 2006 budget.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF HOLT, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Holt is located in Clay and Clinton Counties. The city was incorporated in 1971 as a fourth-class city. The population of the city in 2000 was 405.

The city government consists of a mayor and a four-member board of alderman. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of alderman, and votes only in the case of a tie. The Mayor, Board of Alderman, and other principal officials during the year ended March 31, 2004, are identified below. The compensation of these officials is not established by ordinance. The Mayor and Alderman receive \$100 and \$10, respectively, for each month in office. The Mayor and Alderman Burton were compensated additionally for labor performed for the city.

Mayor and Board of Alderman	Dates of Service During the Year Ended March 31, 2004	Compensation Paid for the Year Ended March 31, 2004
Other Principal Officials		
Hans Habighorst, Mayor	April 2003 to March 2004	\$ 12,293
Jeffrey Burton, Alderman	April 2003 to March 2004	
Dolores Miller, Alderman (1)	April 2003 to March 2004	
Waneva Smith, Alderman	April 2003 to March 2004	
Greg Golden, Alderman (2)	January 2004 to March 2004	
Mike Nelson, Alderman	September 2003 to December 2003	20,034
Virginia Crawford, Alderman	April 2003	
Rita Waters, City Clerk		3,160
Richard Pacheco, Chief of Police		
Steven Wolcott, City Attorney		1,200
William Shull, Municipal Judge		

(1) Greg Golden was elected Alderman in April 2004.

(2) Joy Fallon was elected Alderman in April 2004.

In addition to the officials identified above, the city employed two full-time employees and eleven part-time employees on March 31, 2004.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATION

Real estate	\$ 3,197,300
Personal property	924,815
Railroad and utility	194,084
Total	<u>\$ 4,316,199</u>

TAX RATES PER \$100 ASSESSED VALUATION

	Rate	Expiration Date
General Fund	<u>\$.4395</u>	<u>None</u>

The city has the following sales taxes; the rates are per \$1 of retail sales:

	Rate	Expiration Date
General	<u>\$.0100</u>	<u>None</u>
Capital improvement	.0050	None
Transportation	.0050	None
Storm water	.0025	None
Park	.0025	None